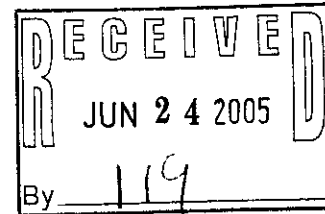


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June 18, 2005



Mr. John M. Reich, Vice Chairman
Federal Deposit Insurance Corporation
550 17th Street NW
Washington, D.C. 20429-9990

Dear Mr. Reich:

We have studied Financial Institution Letter FIL-22-2005 dated March 28, 2005. It was suggested that our comments be sent to you; however, in accordance with instructions in the FIL, we are also sending a copy hereof to Robert E. Feldman, Executive Secretary

In this FIL there are the following:

"In this proposed framework, the agencies have sought to minimize complexity and supervisory burden."

"An institution's management is encouraged to differentiate borrowers and facilities beyond the requirements of this framework by developing its own risk rating system."

These two statements appear contradictory to us, as the first suggests uniformity, and the second suggests diversity.

It is similarly of concern that "The proposed framework would be used by institutions and supervisors for the uniform classification of commercial...and other extensions of credit made for business purposes..." "The proposed framework would not modify the interagency classification of retail credit..."

In very large financial institutions the commercial lending operations are distinctly separated from consumer lending operations. In community banks, commercial and consumer lending are likely to be conducted and managed by the same individuals. Thus, under this proposal, they would be operating under two different frameworks, imposing additional regulatory burden both on bankers and examiners.

It appears to us that this Interagency Proposal is an attempt to permit financial institution regulators worldwide to be able to look in a uniform manner at the 100 or so very large institutions for comparison and rating purposes. Basel II comes to mind. In that regard, we see value in this Interagency Proposal; however, we see that value only with respect to that very small number of very large institutions. We feel strongly that the present system of loan classification works quite well for financial institutions in the United

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States. It ought to be retained for all except those very large institutions who are apt to be considered in the worldwide community of institutions.

Insofar as the other 7,500 or so commercial banks in the United States require no logical comparison to the 100 or so very large institutions, why impose upon them the requirement that their tens of thousands of officers and staff learn a new classification system which, we frankly feel, provides no advantage to the banks in their continuing quest toward excellence in safety and soundness?

After first studying this FIL, I attended a session which considered this issue at the recent annual meeting of the Conference of State Bank Supervisors in San Antonio. During that session, conducted by both federal and state banking regulators and attended by both regulators and bankers, there seemed to be a substantial amount of discomfort with this Interagency Proposal and confusion (by regulators and bankers) and concern for the additional regulatory burden it would impose.

We sincerely suggest that this Interagency Proposal be modified, causing it to be applicable strictly to those 100 or so very large worldwide institutions.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Robert L. Levin". The signature is fluid and cursive, with a large initial "R" and "L".

Robert L. Levin
President

RLL:rts

✓ cc: Mr. Robert E. Feldman, Executive Secretary
Attention: Comments
Federal Deposit Insurance Corporation